Finance Report for DCEO Steering Group

Financial Year 2017/18, June 2017

Executive Summary

The Qtr 1 budget review has been included as an appendix to this report with commentary and a draft budget for period 4 which will be submitted to DCMS as our expected spend for the year. The budget report has highlighted some key findings and recommendations.

Due to a number of new projects and priorities that have come on line such as additional specialist support, accommodation and recruitment for GDPR, costs are looking to exceed income. The recommendation is that fee income should be increased by 6% from prior year to stay in line with growth in the public register. Savings can also be made from library and subscriptions and also by moving some salaried roles planned for late 2017/18 into early 2018/19.
The next quarter will be key in determining whether fee income will continue to rise above expectations and whether staff resourcing targets are continuing to be met.

Spend under/ (over) variance tolerance of 10%:

Budget	% Variance	Comments
Project spend	(42%)	This tends to vary with progression of projects – only billed at particular milestones. No over or underspend projected.
Communications	29%	The bulk of this underspend has come from one off ad hoc costs that we have not incurred yet such as surveys, ICON development and staff events. This expenditure is ecpected later in the year.
Financial costs	16%	Internal audit work has started later than planned, which has pushed billable milestones back, hence the underspend. Full costs expected later in the year.
Travel	(16%)	Leadership team, International strategy & Intelligence, Business development, Corporate affairs, General Counsel, and Technology policy have all exceeded their travel budgets to June by >£1,000. This is symptomatic of additional required in the run up to GDPR as teams are spending more time out of the offices at seminars conferences, meetings and training sessions. Budget has been reviewed at the Qtr 1 review for effectiveness.
Legal & Professional	40%	Legal costs are expected to fluctuate to budget because of the ad hoc nature of cases. Library and subscriptions budget has been reduced at the qtr review. Grant fund is not expected to start actually allocating funds until December.

Financial Overview as at 31 May

Cash Flow

The updated cash flow indicates that we are unlikely to drop beneath £3m during the year, which means we have some cash (but not budget) resilience.

DP Income (see appendix 1)

Month	Budget	Actual	*Variance*	%
April	1,528	1,458	*(70)*	*(5%)*
May	1,547	1,732	185	12%
June	1,640	1,698	58	4%
Subtotal	***4,716***	***4,888***	***172***	***4%***
July	1,715			
August	1,555			
September	1,880			
October	1,847			
November	1,748			
December	1,242			
January	2,062			
February	1,841			
March	1,953			
£ Year	***20,559**			

*Budget reflects an uplift of 5% from the previous year

If fee income increases by the current number of registrations each quarter, that will be a 6.2% increase overall. Recommendation is that fee income is uplifted in BV2 to reflect this increase. Fee income should be increased to 6% from the previous year.

Month End Financial SummarY

For the Three Months Ending 30 June 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
GRANT IN AID	937,500	937,500	0	0.%	3,791,000	3,790,000
DP FEE INCOME	4,715,515	4,887,633	-172,118	(4.%)	20,559,000	19,729,439
DRIPA INCOME	82,500	82,500	0	0.%	330,000	330,000
BANK INTEREST	0	32	-32	0.%	0	75
TOTAL INCOME	**5,735,515**	**5,907,665**	**-172,150**	**(3.%)**	**24,680,000**	**23,849,514**
OFFICE COSTS	327,502	293,237	34,266	10.%	1,256,200	1,523,289
STAFF COSTS	4,231,901	4,269,881	-37,980	(1.%)	18,612,710	16,029,657
TRAINING & RECRUITMENT	111,739	117,021	-5,281	(5.%)	455,000	579,011
IT COSTS	621,447	636,822	-15,375	(2.%)	2,548,325	2,505,735
PROJECT SPEND	288,668	410,765	-122,097	(42.%)	534,675	688,500
COMMUNICATIONS	117,601	83,170	34,431	29.%	388,400	507,460
FINANCIAL COSTS	15,584	13,089	2,495	16.%	107,500	153,134
TRAVEL	118,040	136,810	-18,770	(16.%)	515,700	526,336
LEGAL & PROFESSIONAL	179,308	108,466	70,842	40.%	1,011,490	595,466
TOTAL COSTS	**6,011,790**	**6,069,261**	**-57,469**	**(1.%)**	**25,430,000**	**23,108,588**
CAPITAL SPEND	**0**	**0**	**0**	**0.%**	**650,000**	**616,614**
OPERATING SURPLUS	**-276,275**	**-161,596**	**-114,681**	**42.%**	**-1,400,000**	**124,312**
GIA PROGRAMME 1819 ADVANCE	**140,000**	**140,000**	**0**	**0.%**	**1,400,000**	**0**
SURPLUS	**-136,275**	**-21,596**	**-114,681**	**84.%**	**0**	**124,312**

Based on the above summary, we have received 4% over our updated DP budget. The income budget will be increased in line with registrations for BV2.

The first GIA Programme advance has been received. Our cash flow indicates that we may be able to pay this back out of suplus cash funds subject to agreement from DCMS.

Civil Monetary Penalties (CMPs)

Below is the summary of those debts we still consider recoverable from the previous year plus new penalties issued to June 2017.

Gross debts B/fwd from 2016-17	594,600
Issued penalties gross	1,353,100
Issued prompt payment discount	(166,300)
Irrecoverable debts written off	-
Net	**1,781,400**
Receipts*	(705,567)
Balance	**1,075,833**

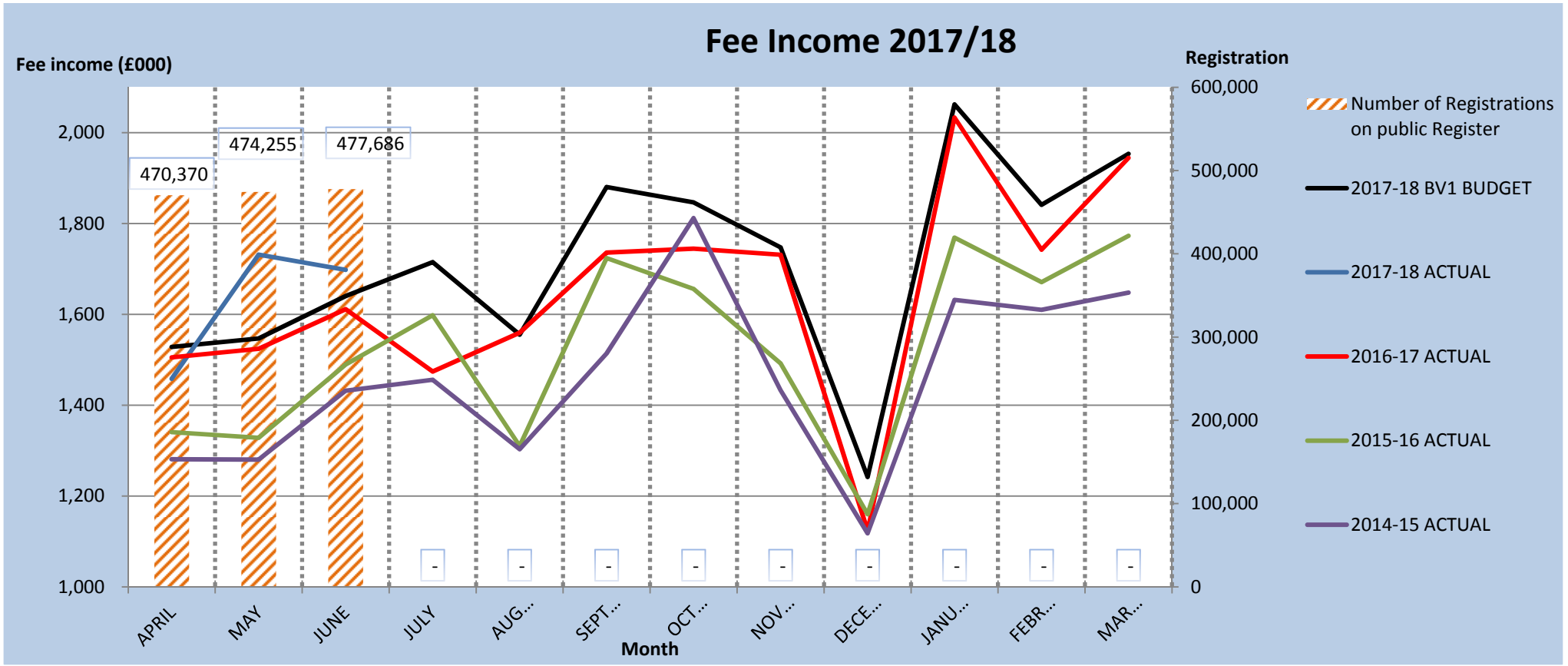
*Of this sum, £705,567 is due to be paid to the consolidated fund in July 2017.

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40

Heather Dove
June 2017


Fee Income 2017/18
Fee income (£000)
Registration
2,000
1,800
1,600
1,400
1,200
1,000
600,000
500,000
400,000
300,000
200,000
100,000
0
470,370
474,255
477,686
Number of Registrations on public Register
2017-18 BV1 BUDGET
2017-18 ACTUAL
2016-17 ACTUAL
2015-16 ACTUAL
2014-15 ACTUAL
APRIL
MAY
JUNE
JULY
AUG...
SEPT...
OCT...
NOV...
DECE...
JANU...
FEBR...
MAR...
Month

INFORMATION COMMISSIONERS OFFICE

For the Twelve Months Ending 31 March 2018

	Actual Apr-16 £ (000)	Actual May-16 £ (000)	Actual Jun-16 £ (000)	*Forecast* Jul-16 £ (000)	*Forecast* Aug-16 £ (000)	*Forecast* Sep-16 £ (000)	*Forecast* Oct-16 £ (000)	*Forecast* Nov-16 £ (000)	*Forecast* Dec-16 £ (000)	*Forecast* Jan-17 £ (000)	*Forecast* Feb-17 £ (000)	*Forecast* Mar-17 £ (000)
Cash flows from operating activities												
Net Expenditure												
DP FEE INCOME	-1,458	-1,731	-1,698	-1,696	-1,536	-1,861	-1,827	-1,728	-1,223	-2,043	-1,822	-1,934
DRIPA INCOME	0	0	-83	0	0	-83	0	0	-83	0	0	-83
OFFICE COSTS	113	91	89	111	110	110	111	110	110	111	110	110
STAFF COSTS	1,432	1,413	1,425	1,533	1,533	1,551	1,609	1,621	1,623	1,642	1,641	1,640
TRAINING AND RECRUITMENT	40	49	28	38	38	37	37	38	37	38	40	36
IT COSTS	218	241	178	209	203	209	218	203	207	238	209	216
PROJECT SPEND	143	101	166	83	83	83	83	83	83	83	83	-567
COMMUNICATIONS	15	14	54	-7	102	-78	32	32	32	32	61	97
FINANCIAL COSTS	3	3	7	6	8	7	4	7	8	43	5	7
TRAVEL	40	53	44	46	28	40	43	56	19	30	21	96
LEGAL, PROFESSIONAL & OTHER	27	50	31	67	37	62	73	141	85	120	109	149
Net expenditure total	572	285	242	389	606	77	382	563	899	293	456	-231
Decrease in trade and other receivables	22	678	-6	-172	35	212	-271	9	4	-510	262	-143
Increase in trade payables	513	-913	-71	212	-7	-131	41	-33	-4	325	-171	9
Use of provisions	0	0	0	0	0	0	0	0	0	0	0	0
Net cash outflow from operating activitie	**1,107**	**50**	**165**	**429**	**635**	**158**	**153**	**538**	**900**	**109**	**546**	**-366**
Cash flows from investing activities												
Capital Spend	0	0	0	0	0	0	0	0	0	0	0	650
Profit/Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0
Net cash outflow from investing activitie	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**650**
Cash flows from financing activities												
Grant in Aid	-313	-313	-313	-313	-313	-313	-313	-313	-354	-313	-313	-313
Grant in Aid Programme in Advance			-140	-140	-140	-140	-140	-140	-140	-140	-140	-140
Net cash flows from financing activities	**-313**	**-313**	**-453**	**-453**	**-453**	**-453**	**-453**	**-453**	**-494**	**-453**	**-453**	**-453**
Net increase / (decrease) in cash and cash equivalents in the year												
Net increase/(decrease) in cash	794	-262	-288	-23	183	-295	-300	86	406	-344	93	-168
Cash & equivalents- start of period	**3,630**	**2,836**	**3,098**	**3,386**	**3,409**	**3,226**	**3,521**	**3,821**	**3,735**	**3,329**	**3,673**	**3,579**
Cash & equivalents- end of period	**2,836**	**3,098**	**3,386**	**3,409**	**3,226**	**3,521**	**3,821**	**3,735**	**3,329**	**3,673**	**3,579**	**3,748**

MANAGEMENT REPORT

For the Three Months Ending 30 June 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
GRANT IN AID	937,500	937,500	0	0.%	3,791,000	3,790,000
DP FEE INCOME	4,715,515	4,887,633	-172,118	(4.%)	20,559,000	19,729,439
DRIPA INCOME	82,500	82,500	0	0.%	330,000	330,000
BANK INTEREST	0	32	-32	0.%	0	75
TOTAL INCOME	**5,735,515**	**5,907,665**	**-172,150**	**(3.%)**	**24,680,000**	**23,849,514**
RENT	106,750	110,279	-3,529	(3.%)	427,000	646,378
RATES & BUILDING INSURANCE	59,000	59,017	-17	(0.%)	236,000	235,770
SERVICE CHARGES	13,750	11,817	1,933	14.%	55,000	33,624
CAR PARKING	1,800	1,793	8	0.%	7,200	54,104
HEAT & LIGHT	36,081	17,648	18,433	51.%	107,000	102,670
WATER	4,054	5,100	-1,046	(26.%)	16,000	17,067
CLEANING	18,498	20,279	-1,781	(10.%)	74,100	88,463
SECURITY	14,750	13,215	1,535	10.%	59,000	52,462
WASTE	1,000	802	198	20.%	4,000	5,797
REPAIRS & MAINTENANCE	20,150	10,938	9,212	46.%	75,500	49,277
MOTOR COSTS	0	0	0	0.%	0	-151
KITCHEN	9,502	10,614	-1,112	(12.%)	38,000	32,524
REMOVALS	0	379	-379	0.%	0	0
FURNITURE	10,500	326	10,174	97.%	60,000	46,407
GENERAL EQUIPMENT	2,499	949	1,550	62.%	10,000	8,191
STATIONERY	11,350	16,792	-5,442	(48.%)	45,400	46,178
POSTAGE	15,250	11,927	3,323	22.%	61,000	55,840
DOCUMENT DESTRUCTION	2,000	1,362	638	32.%	8,000	5,768
OTHER	568	0	568	100.%	3,000	84,449
OFFICE COSTS CAPITALISED	0	0	0	0.%	-30,000	-41,529
TOTAL OFFICE COSTS	**327,502**	**293,237**	**34,266**	**10.%**	**1,256,200**	**1,523,289**

MANAGEMENT REPORT

For the Three Months Ending 30 June 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
SALARIES	3,266,180	3,149,432	116,748	4.%	14,193,339	12,062,267
OVERTIME	37,000	29,215	7,785	21.%	148,000	110,106
PENSION	647,093	643,965	3,128	0.%	2,926,986	2,452,706
NATIONAL INSURANCE	305,751	304,114	1,637	1.%	1,401,093	1,150,172
AGENCY STAFF	0	133,401	-133,401	0.%	0	291,489
SALARIES INCOME	-28,766	0	-28,766	100.%	-84,500	-68,616
PENSION INCOME	-5,787	0	-5,787	100.%	-17,000	-14,582
NATIONAL INSURANCE INCOME	-2,893	0	-2,893	100.%	-8,500	-7,829
NON EXEC BOARD MEMBER	13,323	9,754	3,569	27.%	53,292	53,944
TOTAL STAFF COSTS	**4,231,901**	**4,269,881**	**-37,980**	**(1.%)**	**18,612,710**	**16,029,657**
RECRUITMENT	27,500	32,341	-4,841	(18.%)	110,000	166,022
RELOCATION EXPENSES	0	0	0	0.%	0	41,575
HEALTH & SAFETY	9,239	9,920	-681	(7.%)	45,000	46,860
APPRENTICESHIP LEVY	0	10,536	-10,536	0.%	0	0
FURTHER EDUCATION	1,500	116	1,385	92.%	6,000	7,478
ALL STAFF SKILLS DEVELOPMENT	30,000	51,974	-21,974	(73.%)	120,000	302,965
SEMINARS AND CONFERENCES	33,000	1,854	31,146	94.%	132,000	0
MANAGEMENT DEVELOPMENT	4,500	1,078	3,422	76.%	18,000	14,111
CSL E LEARNING	1,500	0	1,500	100.%	6,000	0
CSL WORKSHOPS	1,500	0	1,500	100.%	6,000	0
PROFESSIONAL QUALIFICATIONS	1,500	9,202	-7,702	(513.%)	6,000	0
INFORMATION TECHNOLOGY	1,500	0	1,500	100.%	6,000	0
TOTAL TRAINING AND RECRUITMENT	**111,739**	**117,021**	**-5,281**	**(5.%)**	**455,000**	**579,011**
HOSTING, WEB AND TELEPHONY	179,081	182,634	-3,553	(2.%)	716,322	704,277
APP & DESKTOP SUPPORT	170,001	168,645	1,356	1.%	680,003	679,870
SOFTWARE LICENSING	121,250	97,814	23,436	19.%	485,000	379,419
SECURITY CONTRACT	12,500	11,190	1,310	10.%	50,000	54,482

MANAGEMENT REPORT

For the Three Months Ending 30 June 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
NOTIFICATION PRINTING	33,628	41,722	-8,094	(24.%)	190,000	222,494
MANAGED PRINT	10,625	9,760	865	8.%	42,500	33,702
CARD PROCESSING CHARGES	20,237	31,916	-11,679	(58.%)	88,000	103,982
HARDWARE MAINTENANCE	12,500	18,251	-5,751	(46.%)	50,000	70,975
GOV SECURE INTERNET	25,000	29,806	-4,806	(19.%)	100,000	0
TELEPHONY CALLS & BROADBAND	36,625	45,084	-8,459	(23.%)	146,500	256,534
TOTAL IT COSTS	**621,447**	**636,822**	**-15,375**	**(2.%)**	**2,548,325**	**2,505,735**
RESOURCES	0	217,357	-217,357	0.%	0	0
SOFTWARE	0	16,640	-16,640	0.%	0	0
HARDWARE	0	30,751	-30,751	0.%	0	0
SUNDRY (OTHER)	288,668	34,291	254,377	88.%	1,154,675	1,263,585
PROJECT COSTS TBA	0	111,726	-111,726	0.%	0	0
PROJECT WORK CAPITALISED	0	0	0	0.%	-620,000	-575,085
TOTAL PROJECT SPEND	**288,668**	**410,765**	**-122,097**	**(42.%)**	**534,675**	**688,500**
CAMPAIGNS, MEDIA RELATIONS & PR	7,800	10,800	-3,000	(38.%)	31,200	24,665
MEDIA MONITORING	19,800	10,679	9,121	46.%	79,200	135,625
DESIGN & PRINT	13,750	5,319	8,431	61.%	55,000	40,922
DISTRIBUTION	10,000	7,601	2,399	24.%	40,000	25,774
SURVEYS	16,500	5,760	10,740	65.%	66,000	26,779
CONFERENCES GENERAL	34,000	39,401	-5,401	(16.%)	104,000	269,310
CONFERENCE INCOME	0	0	0	0.%	-50,000	-48,686
ICON DEVELOPMENT	3,750	0	3,750	100.%	15,000	0
STAFF EVENTS	9,251	1,086	8,165	88.%	37,000	19,578
WEB MAINTENANCE	2,750	2,524	226	8.%	11,000	13,493
TOTAL COMMUNICATIONS	**117,601**	**83,170**	**34,431**	**29.%**	**388,400**	**507,460**
BANK CHARGES	0	343	-343	0.%	37,500	47,624
EXTERNAL AUDIT	8,250	8,125	125	2.%	33,000	32,500

MANAGEMENT REPORT

For the Three Months Ending 30 June 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
INTERNAL AUDIT	7,334	4,181	3,153	43.%	37,000	69,431
CORPORATION TAX	0	0	0	0.%	0	17
BAD DEBT WRITE OFF	0	440	-440	0.%	0	3,562
TOTAL FINANCIAL COSTS	**15,584**	**13,089**	**2,495**	**16.%**	**107,500**	**153,134**
CAR HIRE	2,375	1,012	1,363	57.%	9,500	5,251
TRAVEL HOSTING	0	294	-294	0.%	0	226
TRAVEL UK	83,308	104,301	-20,993	(25.%)	383,500	445,577
TRAVEL OVERSEAS	38,144	32,168	5,976	16.%	139,700	97,136
TRAVEL INCOME - UK	-2,383	0	-2,383	100.%	-7,000	-6,526
TRAVEL INCOME - OVERSEAS	-3,404	-965	-2,439	72.%	-10,000	-15,328
TOTAL TRAVEL	**118,040**	**136,810**	**-18,770**	**(16.%)**	**515,700**	**526,336**
LEGAL	73,260	55,747	17,513	24.%	620,000	349,017
LEGAL COSTS RECOVERED	-8,510	-2,604	-5,906	69.%	-25,000	-27,109
LIBRARY & SUBSCRIPTIONS	20,500	14,061	6,439	31.%	82,000	54,354
PROFESSIONAL MEMBERSHIPS	0	2,818	-2,818	0.%	13,250	10,714
RESEARCH	29,000	0	29,000	100.%	90,000	35,634
RESEARCH GRANTS FUND	28,251	0	28,251	100.%	125,000	0
PROFESSIONAL SERVICES	26,067	41,498	-15,431	(59.%)	95,500	163,404
STAFF RECOGNITION	10,740	-3,054	13,794	128.%	10,740	9,452
TOTAL LEGAL, PROFESSIONAL & OTHER	**179,308**	**108,466**	**70,842**	**40.%**	**1,011,490**	**595,466**
TOTAL COSTS	**6,011,790**	**6,069,261**	**-57,469**	**(1.%)**	**25,430,000**	**23,108,588**
CAPITAL SPEND	**0**	**0**	**0**	**0.%**	**650,000**	**616,614**
OPERATING SURPLUS	**-276,275**	**-161,596**	**-114,681**	**42.%**	**-1,400,000**	**124,312**

MANAGEMENT REPORT

For the Three Months Ending 30 June 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
GIA PROGRAMME 1819 ADVANCE	**140,000**	**140,000**	**0**	**0.%**	**1,400,000**	**0**
SURPLUS	**-136,275**	**-21,596**	**-114,681**	**84.%**	**0**	**124,312**

FTE Staff Analysis	**Actual FTE**
Permanent Staff Band A	8.1
Permanent Staff Band B	31.5
Permanent Staff Band C	104.9
Permanent Staff Band D	129.0
Permanent Staff Band E	99.2
Permanent Staff Band F	53.8
Permanent Staff Band G	13.4
Permanent Staff Band H	5.0
Agency Staff Band B	1.0
Agency Staff Band C	12.0
Agency Staff Band D	1.6
Agency Staff Band E	1.0
Total FTE staff	**460.4**